

Date Mailed
December 22, 1998

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of the Wisconsin Power and Light
Company, as an Electric, Water and Natural Gas
Public Utility, to Change Electric, Water and
Natural Gas Rates

6680-UR-110

**NOTICE OF PROCEEDING, INVESTIGATION AND HEARING
ON LIMITED REOPENING: EMERGENCY FUEL
RULES APPLICATION**

Direct Testimony Due:	January 11, 1999 – Noon
Rebuttal Testimony Due:	January 15, 1999 – Noon
Hearing Date:	January 19, 1999 – 10:30 a.m.
Hearing Location:	Public Service Commission, 610 North Whitney Way, Madison, WI

THIS IS A PROCEEDING, pursuant to Wis. Stat. §§ 196.03, 196.20, and 196.37 and Wis. Admin. Code § PSC 116.06 to consider the November 13, 1998, application of Wisconsin Power and Light Company (WP&L) for authority to increase its retail electric rates due to an emergency increase in fuel costs.

In its application, WP&L stated fuel expenses for the cumulative period January through December 1998, based on year-to-date actuals through October and forecasts for November and December 1998, are in the amount of \$197.1 million or \$15.18 per MWh. The projected increase above the authorized base fuel expense is \$20.3 million (adjusted for volume changes), representing an annual increase of 11.88 percent in fuel costs, which is in excess of the 3 percent fuel expense annual range.

On April 29, 1997, the Commission issued an order in docket 6680-UR-110 authorizing a rate decrease of \$10,590,000, annually, for Wisconsin retail electric operations of WP&L. That order established an average fuel cost of \$0.01199 per net kWh for the test year. The order reinstated the

monitoring of fuel costs for WP&L. The Commission had temporarily suspended such monitoring in the utility's previous rate case in docket 6680-UR-109. The order also established variance ranges for monitoring WP&L's fuel costs pursuant to Wis. Admin. Code ch. PSC 116. The appropriate variance ranges are:

1. For the annual range, plus or minus 3 percent.
2. For the monthly range, plus or minus 10 percent.
3. For the cumulative ranges, plus or minus 10 percent for the first month, plus or minus 6 percent for the second month, and plus or minus 3 percent for the remaining months of the calendar year.

On December 3, 1997, WP&L requested an increase in rates for electric service due to an emergency increase in fuel costs. After further review and consideration, WP&L withdrew that request.

On March 13, 1998, WP&L filed another application with the Commission under Wis. Admin. Code § PSC 116.06, for an increase in rates for electric service due to an emergency increase in fuel costs. In its application, WP&L noted that, based on actual data from January 1, 1998 through February 28, 1998, the utility experienced cumulative fuel costs approximately 29 percent in excess of the amount established in docket 6680-UR-110. Based on that actual data and estimates for the remainder of 1998, WP&L has forecasted a \$28.1 million or an 18.55 percent under-recovery of fuel costs for the test year. The Commission, in an order mailed July 15, 1998, approved a surcharge of \$0.00164/kWh based on \$14,772,161 increase in Wisconsin retail rates. This order increased base 1998 annual fuel costs monitored for the fuel rules to \$171,030,427 or \$13.57 per MWh.

Pursuant to Wis. Admin. Code § PSC 116.03(1) and 116.06, an emergency rate increase can be granted only if the utility's monthly fuel costs exceed the ranges set in its rate proceeding, the annual fuel costs will be affected so as to exceed the annual range, and the increase in fuel costs was caused suddenly by forces beyond the utility's control or reasonable foresight.

NOTICE IS GIVEN that this matter is a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a). This is a Type III action under Wis. Admin. Code §. PSC 4.10(3). No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under Wis. Stat. § 1.11, nor an environmental assessment is required.

The Commission considers it necessary in order to carry out its duties to investigate the books, accounts, practices, and activities of WP&L. The expenses incurred or to be incurred by the Commission which are reasonably attributable to the investigation will be assessed against and collected from WP&L in accordance with Wis. Stat. § 196.85(1), and Wis. Adm. Code § PSC 5.

All testimony and exhibits must be prefiled with the Commission and the service lists by noon on January 11, 1999. Rebuttal testimony must be prefiled with the Commission and the service lists by noon on January 15, 1999. Copies of WP&L's application and prefiled testimony and exhibits may be obtained by written request to WP&L at its offices at Wisconsin Power and Light Company, 222 West Washington Avenue, P.O. Box 192, Madison, Wisconsin 53701-0192.

A hearing to determine the need for and amount of a surcharge will be held on January 19, 1999, at 10:30 a.m. in the Amnicon Falls Hearing Room at the Public Service Commission Office Building, 610 North Whitney Way, Madison, Wisconsin. This building is accessible to people in wheelchairs through the Whitney Way first floor (lobby) entrance. Parking for people with disabilities is available on the south side of the building. Any person with a disability who needs additional accommodations should contact the case coordinator listed below.

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to get this document in a different format should contact the case coordinator listed below.

Persons who desire to actively participate as full parties must request full party status in writing. Full party status requests should be addressed to Jeffry Patzke, Hearing Examiner, Public Service Commission of Wisconsin, Examining Division, P.O. Box 7854, Madison, Wisconsin 53707-7854.

Anyone having other questions regarding this matter may contact case coordinator Jim Wagner, Electric Division, at (608) 267-9768 or email at wagnej@psc.state.wi.us.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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